

AMENDED IN ASSEMBLY MARCH 21, 2013

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

ASSEMBLY BILL

No. 1271

Introduced by Assembly Member Bonta

February 22, 2013

An act ~~relating to economic development~~ to add Article 3 (commencing with Section 14030) to Chapter 3 of Division 7 of the Unemployment Insurance Code, relating to workforce development.

LEGISLATIVE COUNSEL'S DIGEST

AB 1271, as amended, Bonta. ~~Economic~~ Workforce development.

The California Workforce Investment Board (board) is the body responsible for assisting the Governor in the development, oversight, and continuous improvement of California's workforce investment system. Existing law requires that local workforce investment boards be established in each local workforce investment area of the state to assist the local chief elected official in planning, oversight, and evaluation of local workforce investment.

This bill would establish the Economically Impacted Area Loan Repayment Program, to be administered by the board and to provide for the repayment of business school loans of participants who satisfy its requirements. The bill would require that a person agree in writing prior to completing an accredited business school based in the United States to establish a qualifying small business and employ residents of an economically impacted area in order to be eligible to participate in the program. The bill would establish that the maximum allowable amount of loan repayment is \$105,000. The bill would require the board to recover the funds awarded plus interest if a program participant does not complete his or her contractual service obligation. The bill

would establish the Economically Impacted Area Loan Repayment Program Fund to consist of private moneys donated to the program for deposit into the fund and any interest that accrues on those moneys. The bill would require that the fund would be used, upon appropriation by the Legislature, for the purposes of the program and would limit the funds that may be used for administrative costs, as specified. The bill would provide that these provisions are to be implemented only to the extent that the fund contains sufficient moneys to effectuate the purposes of the article as determined by the board.

Existing law establishes various programs, including, but not limited to, the Capital Access Loan Program, to promote economic development throughout the state.

~~This bill would declare the intent of the Legislature to enact legislation that would help create jobs in California by (1) establishing incentives, such as student loan forgiveness, to encourage recent graduates of undergraduate and graduate institutions to create jobs in communities with long-term unemployment rates significantly higher than the state's average and (2) providing access to low-interest loans to small businesses that can demonstrate that they will create jobs with the additional capital.~~

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~-yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Article 3 (commencing with Section 14030) is
2 added to Chapter 3 of Division 7 of the Unemployment Insurance
3 Code, to read:

4
5 Article 3. Economically Impacted Area Loan Repayment
6 Program

7
8 14030. This article shall be known as the Economically
9 Impacted Area Loan Repayment Program. It shall be administered
10 by the board and shall provide for the repayment of business school
11 loans of participants who satisfy its requirements.

12 14032. For purposes of this article:

13 (a) "Economically impacted area" means a local workforce
14 investment area that, as established by the board, has a monthly
15 nonseasonally adjusted unemployment rate that is at least two

1 *percentage points higher than the state average for 12 consecutive*
2 *months.*

3 *(b) "Fund" means the Economically Impacted Area Loan*
4 *Repayment Program Fund.*

5 *(c) "Program" means the Economically Impacted Area Loan*
6 *Repayment Program established pursuant to this article.*

7 *(d) "Qualifying small business" means a business to be founded*
8 *by the recipient of the program within an economically impacted*
9 *area that will employ residents of the economically impacted area*
10 *and meet other requirements as established by the board.*

11 *(e) "Selection committee" shall be determined by the board.*

12 14034. *(a) To be eligible to participate in the program, a*
13 *person shall agree in writing prior to completing an accredited*
14 *business school based in the United States to establish a qualifying*
15 *small business and employ residents of an economically impacted*
16 *area.*

17 *(b) Leaves of absence during service obligation established*
18 *pursuant to subdivision (a) shall be permitted for serious illness,*
19 *pregnancy, or other natural causes. The selection committee shall*
20 *develop a process for determining the maximum permissible length*
21 *of an absence, the maximum permissible leaves of absences and*
22 *the process for reinstatement.*

23 *(c) The maximum allowable amount of loan repayment shall be*
24 *one hundred five thousand dollars (\$105,000). These moneys shall*
25 *be distributed over the course of three years following the founding*
26 *of the qualified small business. The distribution of funds shall*
27 *increase over the course of operating the business and shall be*
28 *structured to ensure that at least 45 percent of the total repayment*
29 *award is distributed upon completion of the third year.*

30 *(d) If a program participant does not complete the service*
31 *obligation pursuant to the contractual agreement between the*
32 *board and the participant, the board shall recover the funds*
33 *awarded plus interest.*

34 *(e) The selection committee shall develop guidelines to select*
35 *loan repayment recipients only upon receipt of donations sufficient*
36 *to cover the costs of developing the guidelines.*

37 *(f) The board, in consultation with the selection committee, shall*
38 *develop a process for outreach to potentially eligible participants.*

39 14036. *The Economically Impacted Area Loan Repayment*
40 *Program Fund is hereby established. The fund shall consist of*

1 *private moneys donated to the program for deposit into the fund*
2 *and any interest that accrues on those moneys.*

3 *(b) Moneys in the fund shall be used to fund loan repayment*
4 *pursuant to agreements made with recipients and as follows:*

5 *(1) Repayment shall not exceed one hundred five thousand*
6 *dollars (\$105,000) per recipient.*

7 *(2) Repayment shall not exceed the amount of the educational*
8 *expenses incurred by the recipient.*

9 *(c) Moneys in the fund, upon appropriation by the Legislature,*
10 *shall be used for the purposes of this article.*

11 *(d) Moneys in the fund shall be used to pay for the cost of*
12 *administering the program and for any other purpose authorized*
13 *by this article. The cost of administering the program shall not*
14 *exceed 10 percent of the total appropriation for the program.*

15 *14038. This article shall be implemented only to the extent that*
16 *the fund contains sufficient moneys to effectuate the purposes of*
17 *the article as determined by the board.*

18 ~~SECTION 1. It is the intent of the Legislature to enact~~
19 ~~legislation that would help create jobs in California by (a)~~
20 ~~establishing incentives, such as student loan forgiveness, to~~
21 ~~encourage recent graduates of undergraduate and graduate~~
22 ~~institutions to create jobs in communities with long-term~~
23 ~~unemployment rates significantly higher than the state's average~~
24 ~~and (b) providing access to low-interest loans to small businesses~~
25 ~~that can demonstrate that they will create jobs with the additional~~
26 ~~capital.~~